

# GALLATIN RIVER COMMUNICATIONS

David O. Rudd  
Legal Department

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## SENT VIA TELEFAX AND CERTIFIED LETTER

Michael Shuler  
CEO, BitWise Communications  
Inc. d/b/a OmniLEC  
331 Fulton Ste 300  
Peoria IL 61602

May 9, 2007

### **Re: Default: ICA Cancellation**

Dear Mr. Schuler:

On behalf of Gallatin River Communications, L.L.C. (GRC) and pursuant to section 11, page 8 (Default) of the Interconnection Agreement (ICA) between GRC and Bitwise, this letter is to provide 30 day notification that GRC is cancelling your ICA with GRC, effective June 18, 2007, and terminating the provision of services thereunder.

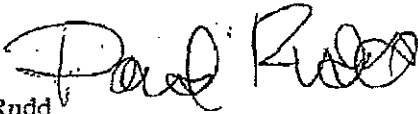
Gallatin is taking this action because;

- There is an egregious and long history of late payment coupled with consistently large outstanding balances since January 2006, which is documented by the attached "Bitwise Payment History" spread sheet. These high outstanding balances have been as high as approximately \$40,000 to the current \$28,000.
- On March 7, 2007, in response to the flagrant poor payment history and high outstanding balances, GRC sent a Deposit request letter, which thus far has been ignored by Bitwise. A copy of that March letter is attached.
- Prior efforts to "work with" Bitwise to collect past due and outstanding balances have required substantial resources of GRC, to the extent that GRC not only sends written notices via US mail to Bitwise, but also sends e-mails and makes phone calls to expedite payment arrangements. Further, as can be seen from the payment history, these efforts have had "mixed" results.
- The accumulation of large outstanding balances by Bitwise is unfair to GRC's other customers, which are not afforded the same accommodation of high balances and consistent late payment.

- Bitwise is unfairly benefiting from extended credit from GRC, which causes GRC to seek funds temporarily to cover the late payments by Bitwise.

Recently, in an attempt to garner more extended credit, Bitwise has used the excuse that supposed Reciprocal Compensation payments to it from GRC should offset the bulk of its past due and outstanding balances. However, this has not been adequately qualified or quantified and even if it were, GRC is under no obligation to "net out" charges and payments between itself and other entities. It is with regret that GRC feels it is forced into this action, which can be avoided by Bitwise paying its bills on time (and as done by the vast majority of GRC's other customers) and by Bitwise rendering the required deposit to GRC within the next 10 days.

Sincerely,



David O. Rudd  
Gallatin River Communications L.L.C.  
[dorudd@aol.com](mailto:dorudd@aol.com)

cc John Hester  
James Zolnierak  
Jonathan S. Marashlian, Esq.

From page 8, section 11 of GRC-Bitwise ICA - 10-03-06;

#### 11. Default

If either Party ("Defaulting Party") fails to make a payment required by this Agreement (including, but not limited to, any payment required by Section 8.3 of undisputed amounts to the billing Party) or materially breaches any other material provision of this Agreement, and such failure or breach continues unabated, uncured and undisputed for thirty (30) days after written notice thereof from the other Party, the other Party may, by written notice to the Defaulting Party, (a) suspend the provision of any or all Services hereunder, or (b) cancel this Agreement and terminate the provision of all Services hereunder. GRC shall notify the Commission of an impending discontinuance and will assist affected customers with finding new carriers consistent with its duties under Illinois law.



**COPY**

March 7, 2007

Mr. Mike Schuler, CEO  
OmniLEC and Bitwise Communications, Inc.  
682 High Point Lane  
East Peoria, IL 61611

**Re: Assurance of Payment pursuant to Section 5 of the ICA for Accounts**

Please be advised that review of the OmniLEC and Bitwise Communications, Inc. (Bitwise) payment record to Gallatin River Communications (Gallatin) reflects a history of 14 consecutive late payments, the most recent of which was mailed to Bitwise on March 7, 2007. Therefore, Bitwise's consistent late payment history has prompted Gallatin to invoke Section 5 of the Interconnection agreement (ICA), between our companies.

Accordingly, and in concert with section 5.0 thru section 5.9 of the ICA, Gallatin hereby formally notifies Bitwise that it requires that Bitwise obtain an Irrevocable Letter of Credit in an amount equal to two months anticipated charges naming Gallatin as beneficiary from a financial institution acceptable to Gallatin. Based on Gallatin's calculations, that letter of credit shall be in the amount of \$22,000 (twenty two thousand).

Also, pursuant to section 5.3, please immediately provide to Gallatin a list of Illinois financial institutions that are willing to provide the Letter of Credit for Gallatin's review and acceptance.

Should Gallatin be required to draw on the Letter of Credit, pursuant to section 5.7 of the ICA, Bitwise will be required to immediately credit to the level before the draw. In the interim of receiving the Letter of Credit, or of Draw requirement by Gallatin (section 5.7) Gallatin reserves the right (section 5.8) to deny performance to Bitwise.

Attached is an excerpt from section 5 of the Gallatin-Bitwise ICA that specifies "Assurance of Payment".

Sincerely,

Fred Miri, President  
Gallatin River Communications, LLC

CC: Steve Murray  
David Rudd

FM/km